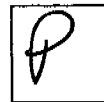


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



RECEIVED

W-02091A
Pinecrest Water Company
P. O. Box 97
Nutrioso AZ 859320097

APR 12 2005

AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) <u>PINECREST WATER COMPANY, INC.</u>			
Mailing Address <u>PO Box 97</u>			
<small>(Street)</small>			
<u>NUTRISO</u>	<u>AZ</u>	<u>85932</u>	
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>	
<u>928-339-4972</u>	<u>-</u>	<u>-</u>	
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
Email Address <u>-</u>			
Local Office Mailing Address <u>SAME AS ABOVE</u>			
<small>(Street)</small>			
<u>-</u>	<u>-</u>	<u>-</u>	
<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>	
<u>-</u>	<u>-</u>	<u>-</u>	
<small>Local Office Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
Email Address <u>-</u>			

MANAGEMENT INFORMATION

Management Contact: <u>SAME AS ABOVE</u>			
<small>(Name)</small>		<small>(Title)</small>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
Email Address <u>-</u>			
On Site Manager: <u>SAME AS ABOVE</u>			
<small>(Name)</small>			
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<small>(Street)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip)</small>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<small>Telephone No. (Include Area Code)</small>	<small>Fax No. (Include Area Code)</small>	<small>Pager/Cell No. (Include Area Code)</small>	
Email Address <u>-</u>			

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: JOHN K. MANGUM

(Name)

1 E. CAMELBACK RD #1100

(Street)

PHOENIX

(City)

AZ

(State)

85012

(Zip)

602-254-5442

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: SAME AS ABOVE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☒ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME PINECREST WATER COMPANY, INC.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	18873	8829	10044
307	Wells and Springs	4800	4800	0
311	Pumping Equipment	1562	1562	0
320	Water Treatment Equipment	503	503	0
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	14057	11937	2120
333	Services			
334	Meters and Meter Installations	380	380	0
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	343	343	0
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	100	65	35
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	40618	28419	12199

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME PINECREST WATER COMPANY, INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	18873	5%	944
307	Wells and Springs	4800	*	—
311	Pumping Equipment	1562	*	—
320	Water Treatment Equipment	503	*	—
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	14057	5%	703
333	Services			
334	Meters and Meter Installations	380	*	—
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	343	*	—
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	100	5%	5
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	50618		1652

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

* Fully depreciated

COMPANY NAME PINECREST WATER COMPANY, INC.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
		17579	
131	Cash	\$ 17064	\$ 17064
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 17579	\$ 17064
	FIXED ASSETS		
101	Utility Plant in Service	\$ 40618	\$ 40618
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	< 26767 >	< 28419 >
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 13851	\$ 12199
	TOTAL ASSETS	\$ 31430	\$ 29263

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME PINECREST WATER COMPANY, INC.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ -0-	\$ -0-
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ -0-	\$ -0-
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ -0-	\$ -0-
	TOTAL LIABILITIES	\$ -0-	\$ -0-
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	31430	29263
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 31430	\$ 29263
	TOTAL LIABILITIES AND CAPITAL	\$ 31430	\$ 29263

COMPANY NAME PINECREST WATER COMPANY, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 9687	\$ 11671
460	Unmetered Water Revenue		
474	Other Water Revenues	1266	693
	TOTAL REVENUES	\$ 10953	\$ 12364
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	839	906
618	Chemicals		
620	Repairs and Maintenance	4774	5641
621	Office Supplies and Expense		716
630	Outside Services	375	400
635	Water Testing	140	662
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	1750	1908
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	996	1715
403	Depreciation Expense	1913	1652
408	Taxes Other Than Income	606	631
408.11	Property Taxes	317	349
409	Income Tax	50	45
	TOTAL OPERATING EXPENSES	\$ 11760	\$ 14625
	OPERATING INCOME/(LOSS)	\$ < 807 >	\$ < 2261 >
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 121	\$ 94
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 121	\$ 94
	NET INCOME/(LOSS)	\$ < 686 >	\$ < 2167 >

COMPANY NAME PINECREST WATER COMPANY, INC.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan		NONE		
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 0

Meter Deposits Refunded During the Test Year

\$ 0

COMPANY NAME PINECREST WATER COMPANY-1, INC.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-806312	1	35	36	10	3/4	1967

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NONE	/	/

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
1 1/2	1	0	0

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	1	80	3

COMPANY NAME PINECREST WATER COMPANY, INC.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	2762
3	PVC	1630
4	PVC	4435
5		
6		
8		
10		
12		
1 1/4	PVC	2800

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	42
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

HAND CHLORINATION
CHEM TECH INT. SERIES 100 #E6880-15GPD CHLORINATOR (ON STANDBY)

STRUCTURES:

FENCED WELL-HEAD VAULT
FENCED CAPTIVE AIR PRESSURE TANKS & DISTRIBUTION SYSTEM

OTHER:

COMPANY NAME: PINECREST WATER COMPANY, INC.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	41	114,555	114.355
FEBRUARY	41	59,345	59.345
MARCH	41	98,250	98.250
APRIL	41	67,530	67.890
MAY	42	166,260	166.260
JUNE	42	232,770	232.770
JULY	42	149,310	149.310
AUGUST	42	94,500	109.300
SEPTEMBER	42	130,510	130.510
OCTOBER	42	94,310	94.310
NOVEMBER	42	76,590	76.590
DECEMBER	42	77,780	77.780
TOTAL		NA	1,378.670

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

(X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

(X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.0029 mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME PINECREST WATER COMPANY, INC. YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 349.14

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME PINECREST WATER COMPANY, INC. YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported < 2167 >
Estimated or Actual Federal Tax Liability - 0 -

State Taxable Income Reported < 1491 >
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Nathan Castillo
SIGNATURE

3-10-05
DATE

Nathan Castillo
PRINTED NAME

3-10-05
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 12 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>APACHE</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>NATHAN CASTILLO, PRESIDENT</u>
COMPANY NAME
<u>PINECREST WATER COMPANY, INC.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2004</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 12364

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 654
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Nathan Castillo
SIGNATURE OF OWNER OR OFFICIAL
928-339-4972
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

Tenth

DAY OF

COUNTY NAME
<u>Maricopa</u>
MONTH
<u>March</u>
<u>2005</u>



Tricia E. Saunders
SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

APR 12 2005

VERIFICATION

AZ Corporation Commission
Director Of Utilities

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>APACHE</u>	
NAME (OWNER OR OFFICIAL) <u>NATHAN CASTILLO</u>	TITLE <u>PRESIDENT</u>
COMPANY NAME <u>PINECREST WATER COMPANY, INC.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH <u>12</u>	DAY <u>31</u>	YEAR <u>2004</u>
--------------------	------------------	---------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 12364

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 654
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

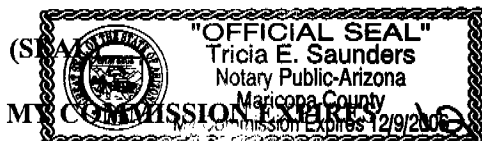
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

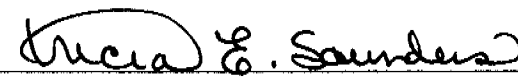
THIS

Tenth

DAY OF

NOTARY PUBLIC NAME <u>Tricia E. Saunders</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>March</u>	. <u>2005</u>



X 
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

LINE NO.		(1) T.B. 12-31-03	(2) M C	(3)	(4) T.B. 12-31-04	LINE NO.
1	CASH - checking	322053	② 1236436	③ 1297322	261167	1
2	- Savings	1435883	① 9379	—	1445262	2
3						3
4	F/A	406804			406804	4
5	Acc Depr.	< 2676664 >		④ 1652w	< 2841864 >	5
6						6
7						7
8						8
9	R/E	< 3143076 >			< 3143076 >	9
10						10
11						11
12						12
13	Water Sales					13
14	Comm/T Fee			② 1167080		14
15	Int/Tenat			① 9379	< 1245815 >	15
16	Sale Taxes			② 65856		16
17	Misc			③ 40w		17
18						18
19						19
20	Testing		③ 66194			20
21	Electric		③ 90564			21
22	R+m		③ 569097			22
23	Per/Dge		③ 35443			23
24	Fees		③ 32200			24
25	Sale Taxes		③ 63132		1297322	25
26	Prof Fee		③ 400w			26
27	Insurance		③ 1908w			27
28	Property Tax		③ 34914			28
29	Misc		③ 162980			29
30						30
31						31
32	Refund		③ 8498			32
33						33
34	Inc Tax - Fed					34
35	- A2		③ 45w			35
36						36
37	Depr Exp		⑦ 1652w		1652w	37
38						38
39						39
40		-05	2708337	2708337	-05	40
41	FYE					41
42	P+L < 216707 >					42
43	R/E 2926369					43

Pinecrest Water Co

T.B.

12-31-04

Prepared By	Initials	Date
Approved By		3-9-05